



AR16

# I.T.L. INDUSTRIES LIMITED



## ANNUAL REPORT 1969







## CORPORATE DIRECTORY

### DIRECTORS

C. A. Bell, Q.C.  
J. S. Gairdner  
Firman H. Hass  
J. H. Hawke  
Peter Hedgewick  
R. W. Keeley, K.S.G., K.M.  
Herbert Young

### OFFICERS

Peter Hedgewick  
*President*  
J. H. Hawke  
*Vice President*  
M. L. Garland  
*Vice President (Administration)*  
A. Hyatt  
*Vice President (Sales)*  
R. D. Balint  
*Vice President (Engineering)*  
N. Lewchuk  
*Vice President (Manufacturing)*  
R. W. Braithwaite  
*Vice President (Finance) and Treasurer*  
C. A. Bell, Q.C.  
*Secretary*

### AUDITORS

Stephens, McLean & Co.  
*Windsor, Ontario*

### TRANSFER AGENT AND REGISTRAR

National Trust Company, Limited  
*Montreal, Toronto, Winnipeg,  
Calgary, Vancouver*

## HIGHLIGHTS and FIVE YEAR REVIEW

(adjusted to reflect three-for-one stock split in 1967)

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
Sales - - - - -	\$17,049,385	\$14,345,773	\$8,237,673	\$6,316,411	\$5,760,487
Income before Income Taxes and Extraordinary Items - - - - -	\$ 1,656,192	\$ 1,862,552	\$1,232,085	\$1,040,036	\$1,027,885
Income Taxes - - - - -	\$ 844,228	\$ 975,186	\$ 601,543	\$ 359,144	\$ 360,962
Extraordinary Income - - - - -	\$ 99,328	\$ 265,309			
Net Income - - - - -	\$ 911,292	\$ 1,152,675	\$ 630,542	\$ 680,892	\$ 666,923
Net Income per Common Share:					
before extraordinary items - - - - -	39¢	52¢			
after extraordinary items - - - - -	45¢	70¢	37¢	45¢	44¢
Dividends Paid:					
Preference - - - - -	\$ 203,886	\$ 99,848	\$ 79,434	\$ 80,657	\$ 81,250
Common - - - - -	\$ 303,837	\$ 298,289	\$ 242,608	\$ 220,000	\$ 187,000
Preference Shares Outstanding:					
Series A - - - - -	47,000	47,000	48,000	49,000	50,000
Series B - - - - -	74,600	80,000			
Common Shares Outstanding - - - - -	1,560,757	1,500,606	1,483,122	1,320,000	1,320,000
Working Capital - - - - -	\$ 4,121,982	\$ 3,467,540	\$2,005,344	\$1,329,932	\$1,088,184
Shareholders' Equity - - - - -	\$ 7,138,491	\$ 6,386,822	\$4,188,873	\$3,051,742	\$3,011,635



## REPORT TO THE SHAREHOLDERS



*Peter Hedgewick, President*

The high level of performance achieved during the first half of the year was not maintained in the latter half due to a number of outside influences and operational setbacks.

Consolidated sales for the year ended November 30, 1969, were \$17,049,385 compared to \$14,345,773 for the prior year for an increase of 19 per cent. Earnings before income taxes and extraordinary items were \$1,656,192 compared to \$1,862,552 last year.

Net earnings were \$911,292 or 45 cents per share (on 1,560,757 shares) compared to 1968 earnings of \$1,152,675 or 70 cents per share (on 1,500,606 shares). Working Capital increased in the year in the amount of \$654,442.

Dividends paid on Common Shares amounted to \$303,837 or 20 cents per share. Dividends paid on outstanding Preference Shares were \$203,886 compared to \$99,848 in the prior year.

Expansions were undertaken at Photometric Specialties Limited, Reflex Corporation and KNG Tool and Mould Limited, all of which involved heavy expenditures on new equipment as well. In addition, construction began on I.T.L.'s head office and data processing centre adjacent to International Tools, Limited in Windsor, to allow for greater coordination between the parent company and its subsidiaries.

The steel and nickel strikes disrupted business at Wheatley and Reflex respectively, initially due to the lack of

raw materials and subsequently by the suppliers' delay in resuming normal delivery schedules.

Cutbacks in the automotive industry curtailed production and assembly work at Reflex Corporation where high volumes are required to achieve maximum productivity.

During the year, I.T.L. acquired KNG Tool and Mould Limited of London, Ontario and subsequent to year end, Dalkrom Tool and Die Corporation of Detroit, Michigan. These companies are engaged in the manufacture of products that are similar to those made at International Tools and were acquired to deepen the market penetration of I.T.L. in the automotive industry as well as to complement the products of International Tools, Limited.

The acquisition of the remaining outstanding shares of Ray-O-Lite, Incorporated was a major step in the planning of a production and sales network in the United States for reflective pavement safety markers which are gaining wide acceptance among highway and safety officials in many parts of the United States. Subsequent to year end, Elco-Wood Industries Limited also became a 100 per cent owned subsidiary.

As an employer, directly or indirectly, of several hundred people, the management of I.T.L. fully realizes the responsibility it faces daily when making decisions that affect the lives of employees and their families. We are aware, as well, that a company of our size in our industry exercises a significant influence on the economy of the communities in which we operate, and ultimately on the whole country. It is our intention to maintain a steady rate of growth, to continue to provide equal employment opportunities and to improve both productivity and profitability.

The growth of I.T.L. Industries Limited, particularly in the last five years, attests to the buoyancy of the Canadian economy. This country now seems to be going through a period of economic adjustment but we believe that there are many opportunities for continued growth. We anticipate moving forward with those opportunities and further strengthening our position as one of the leading automotive steel mold producers and manufacturers of plastic components for the automotive industry.

We acknowledge with thanks the efforts and loyalty of our employees, associates and shareholders throughout the year.

On behalf of the Board of Directors,

May 12, 1970

PETER HEDGEWICK,  
President



## OPERATIONS

*franchise units*

**INTERNATIONAL TOOLS, LIMITED** continued to maintain its leadership in the design and manufacture of precision steel molds used in the molding of plastic components.

The trend towards larger plastic components for the automotive industry continues. This requirement is now appearing in other industries as well, particularly the appliance and furniture industries. The facilities of the Company are ideally suited to increase its participation in these fields. Company personnel are well aware of these trends and are devoting the necessary time and energy to expand its leadership into these markets.

Toward the latter part of the fiscal year, the Scientific Reproduction Division of International Tools was operational in Kingsville, Ontario. This division concentrates on the duplication, by the electro-forming process, of precision components used in many molding applications and in particular lens molds. The timetable for this division was delayed when an unfortunate fire completely destroyed the research facilities which were established to develop this capability. Unique equipment as well as important research records were destroyed resulting in valuable time and money being spent to reconstruct the equipment and manufacturing procedures.

During the year the company made its first major move into Numerically and Tape Controlled machine tools. With the proper training of the personnel oper-

ating this equipment, the efficiency of the company should be increased.

**PHOTOMETRIC SPECIALTIES** is one of the two principal suppliers in North America of reflex plastic molds. These molds incorporate the reflex capability which International Tools originally developed after many years of research.

The company continues to expand its knowledge of optics and to develop new processes in order to maintain its leadership in this field. The market for these molds is expanding not only for automotive vehicles, but also for all "on the road" vehicles. In addition, a rapidly expanding market is appearing in the highway safety field.

In order to meet this increasing demand an 18,000 foot addition was made to Photometric's plant and additional equipment installed. With this addition the company should be able to cope with the anticipated increase in volume for the next three years.

**REFLEX CORPORATION OF CANADA LIMITED**, which performed as expected since its incorporation, experienced a series of unrelated setbacks this year that impeded its rate of progress. Reflex is a relatively new company which is considered by management as a growth-oriented subsidiary whose annual results may fluctuate until it attains greater maturity.



Production innovations recently undertaken included the establishment of a chrome plating line to adapt the technique of chrome plating on plastic to mass production methods. Reflex also set up a vacuum metalizing procedure that produces synthetic chrome overlays on plastic surfaces. Both these processes have proven quite costly to develop, test, assess, modify and to train technicians in the use of the equipment.

The nickel strike that occurred at a very critical time in the development of these processes caused further delays and added to our costs in terms of idle time and mounting overhead.

What we anticipated would take a few months of initial research and development has actually stretched out to a year. This is not an excessive amount of time when viewed in the light of our overall plans for these two new production techniques.

The intention of automotive manufacturers to increase the plastic content of their products, along with the need for high-volume production of chrome plated or metalized plastic accessories, place Reflex in the forefront as approved suppliers to the industry. When production orders are forthcoming, it is our intention to install more sophisticated equipment and we have received financing approval from the Adjustment Assistance Board for this purpose.

Another innovation at Reflex was the establishment of an assembly, spray-painting and finishing division.

In the past, it has been our practice to produce plastic parts and send them elsewhere for assembly and finishing. It is now our policy to add value and service to our basic molding operation by producing complete assemblies wherever possible. This new division encountered considerable technical difficulties during the startup period and had delays in obtaining skilled workers. We believe that the learning stages are almost over and this division will evolve into a profitable and efficient production setup.

New people have been appointed to management and a system of controls has been instituted to enable the company to maintain a smoother running operation. The potential that exists for Reflex today, in a number of directions, makes it all the more important that we concentrate on the present temporary situation to ensure the Company's ability to deal profitably with opportunities for growth in the future.

**PALM-N-TURN** containers continue to make strides in world markets as a child-resistant package for dry-ingredient pharmaceuticals dispensed in pharmacies. Licensed manufacturers have been set up to cover more than 20 countries, and judging from editorials that we have been receiving from consumer and professional publications throughout the world, we believe that we have developed the most effective method to-date of reducing accidental poisoning from prescription medicines, among young children.



In the United States, a large market has already been developed for the product in leading drug chains and at military and government installations. In Canada, the complete support of the Essex and Kent County pharmacists, as well as major retail drug chains, is changing the pattern of prescription drug packaging and is reducing the number of accidental poisonings caused by children experimenting with prescription medicines.

#### **INTERNATIONAL TOOLS (U.K.) LIMITED**

settled in its new facilities during the past year and became accepted by British industry as a reliable and expert supplier of molds for plastic parts.

A vigorous training program begun several years ago is now providing a steady supply of skilled moldmakers using techniques and methods developed by International Tools in Canada.

Sales and earnings showed a healthy increase over past years and it is anticipated that this growth will continue as the British automakers are increasing their use of plastic in automotive assemblies.

#### **WHEATLEY MANUFACTURING LIMITED**

increased its total sales in fiscal 1969. Wheatley is the largest supplier of steel die sets to tool and die firms in Canada and handles approximately eighty per cent of all such sales to the Canadian industry. A portion of

the sales increase this year emanated from newly-acquired customers in the Province of Quebec.

Although the prolonged steel strike curtailed the volume of orders from some Canadian manufacturers, this was more than offset by Wheatley's dynamic entry this year into the sales markets of the United States. For some time, a subsidiary, Wheatley Economy Die Sets, Inc., has operated as the Canadian company's sales and distribution outlet in the United States and has transacted a fairly constant flow of business annually. This year, however, it was decided to undertake an aggressive sales campaign in selected areas of the U.S., in order to further penetrate the American market. The results were very encouraging and it is expected that Wheatley will make further strides in this direction. It is entirely feasible that Wheatley should look to U.S. markets for sales increases. We are encouraged by the results of these efforts to date.

The steel strike, however, did complicate Wheatley's sales and production schedules this year. Firm contracts on hand at the onset of the strike were filled primarily by purchasing steel in the United States at premium prices. It was decided that customers' goodwill and continuity of service warranted such a costly step and for a period of time, therefore, profit and margins were reduced.

Since that time, supplies of Canadian steel have become available at prices higher than pre-strike levels.





These increased costs are now reflected in new contracts.

**KNG TOOL AND MOULD LIMITED** of London, Ontario, was acquired early in the year under review. At that time, it was a small business employing about 14 people and engaged in the manufacture of medium and small sized steel molds for distribution in Canada.

Because International Tools, Limited, is geared for the production of larger sized molds, and because its sales markets are mainly in the United States, KNG proved to be a logical addition to the I.T.L. group of companies for the Canadian market. In order to implement a growth program and at the same time provide increased capacity to handle referral orders from other subsidiaries, KNG immediately embarked on an expansion program. In June, KNG moved into a new 22,000 square foot plant on five acres in Westminster Industrial Park, London, and now employs 75 people.

Operations were disrupted during the moving of heavy equipment to the new plant and consequently much valuable production time was lost. Once in the new plant, startup costs and the training of a larger work force added to the overall expenses of KNG during its first year as a wholly-owned subsidiary.

KNG is now in a position to take additional steps in its program for growth in the 70's.

**RAY-O-LITE, INCORPORATED** became a wholly-owned subsidiary during the year under review. Its principal function, in combination with Ray-O-Lite International Corporation, is the manufacture and distribution of highway reflective safety markers, traffic lane delineators, side post markers, epoxy and ceramic pavement buttons—all designed to improve the safety standards on highways.

Official approvals have been obtained for the use of these products in the States of California, Louisiana, Oregon, Washington and Alabama and the company is also dealing with officials in other areas of the south-eastern United States. We are continuing to expand sales outlets and channels of distribution throughout the area of our marketing potential.

Active progress is also being made in the development of other items in the field of highway safety.

**ELCO-WOOD INDUSTRIES LIMITED** has been engaged in the manufacture of specialized components for heavy truck chassis, including hoists, bodies, platforms and tailgate loaders. During the year under review, production levels were below capacity because of an industry-wide trend away from national distribution patterns. It is intended to concentrate on regional markets for Elco-Wood's products and to utilize personnel and equipment to develop new products and markets for this subsidiary.





## CONSOLIDATED BALANCE SHEET

**As at November 30, 1969**  
(With comparative figures for 1968)

### ASSETS

Current:	1969	1968
Cash - - - - -	\$ 10,496	\$ 7,434
Accounts receivable - - - - -	4,463,641	3,215,250
Inventories, at lower of cost and net realizable value (Note 3) - - - - -	4,415,303	2,107,634
Prepaid expenses - - - - -	174,063	82,031
Deferred development costs - - - - -	25,462	57,066
Special refundable tax - - - - -	23,216	—
Total Current Assets - - - - -	<u>9,112,181</u>	<u>5,469,415</u>
Special refundable tax - - - - -	—	38,026
Investment in and advances to unconsolidated subsidiaries, at cost - - - - -	—	602,515
Investments, at cost (market \$122,475) - - - - -	<u>59,100</u>	<u>59,100</u>
Fixed:		
Land, buildings and equipment, at cost - - - - -	11,501,740	7,806,800
Less: Accumulated depreciation - - - - -	<u>3,790,656</u>	<u>2,358,353</u>
	<u>7,711,084</u>	<u>5,448,447</u>
Other:		
Organization expense - - - - -	13,573	13,573
Expenses of debenture issues, less amount written off - - - - -	147,402	147,066
Expenses of share issue - - - - -	164,946	163,786
Patents, less amount written off - - - - -	144,598	83,732
Cash surrender value of officers' life insurance - - - - -	16,600	—
	<u>487,119</u>	<u>408,157</u>
Excess of cost of shares of subsidiaries over net assets acquired - - - - -	<u>1,167,860</u>	<u>1,016,040</u>
Approved on behalf of the Board:		
Peter Hedgewick, Director		
J. H. Hawke, Director		
	<u>\$18,537,344</u>	<u>\$13,041,700</u>



## LIABILITIES

Current:	1969	1968
Bank loans, secured (Note 5) - - - - -	\$ 719,500	\$ 229,000
Accounts payable and accrued liabilities - - - - -	3,290,280	1,279,217
Current portion of long term liabilities - - - - -	288,913	274,000
Income taxes - - - - -	691,506	138,408
Loan payable - - - - -	—	81,250
Total Current Liabilities - - - - -	<u>4,990,199</u>	<u>2,001,875</u>
Long term:		
Debentures and mortgages payable (Note 6) - - - - -	6,550,418	4,150,500
Less: Current portion - - - - -	<u>288,913</u>	<u>274,000</u>
	6,261,505	3,876,500
Total Liabilities - - - - -	<u>11,251,704</u>	<u>5,878,375</u>
Deferred income taxes (Note 4) - - - - -	<u>147,149</u>	<u>776,503</u>

## SHAREHOLDERS' EQUITY

Capital Stock:		
Authorized		
197,000 Preference Shares with a par value of \$25 each, issuable in series (Note 7)		
3,000,000 Common Shares without par value,		
Issued and fully paid		
47,000 6½% Cumulative Redeemable Preference Shares, Series A, redeemable at par (Note 7) - - - - -	1,175,000	1,175,000
74,600 6½% Cumulative Redeemable Convertible Preference Shares, Series B, redeemable at par (Note 7) - - - - -	1,865,000	2,000,000
1,560,757 Common Shares (Note 7) - - - - -	<u>2,371,000</u>	<u>1,961,000</u>
	5,411,000	5,136,000
Retained Earnings - - - - -	1,719,273	1,242,604
Contributed Surplus - - - - -	8,218	8,218
	<u>7,138,491</u>	<u>6,386,822</u>
	<u>\$18,537,344</u>	<u>\$13,041,700</u>



# I.T.L. INDUSTRIES LIMITED

## and its subsidiaries

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended November 30, 1969  
(With comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Balance, at beginning of year - - - - -	\$ 1,242,604	\$ 1,117,013
Add: Net income for the year - - - - -	911,292	1,152,675
Deferred income tax charges of subsidiary, applicable to prior years - - - - -	114,000	—
	<u>2,267,896</u>	<u>2,269,688</u>
Less: Dividends paid—Preference - - - - - \$203,886		
—Common - - - - - 303,837	507,723	398,137
Loss on investment in associated company - - - - -	—	25,294
Prior year's losses of subsidiary not previously consolidated - - - - -	40,900	65,018
Deferred income tax credits applicable to prior years - - - - -	—	538,635
	<u>548,623</u>	<u>1,027,084</u>
Balance, at end of year - - - - -	<u>\$ 1,719,273</u>	<u>\$ 1,242,604</u>

### CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

For the year ended November 30, 1969  
(With comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Balance, at beginning of year - - - - -	\$ 8,218	\$ 4,860
Add: Surplus realized on the purchase of preference shares for cancellation - - - - -	—	3,358
Balance, at end of year - - - - -	<u>\$ 8,218</u>	<u>\$ 8,218</u>

# I.T.L. INDUSTRIES LIMITED

## and its subsidiaries

### CONSOLIDATED STATEMENT OF INCOME

For the year ended November 30, 1969  
(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Sales - - - - -	\$17,049,385	\$14,345,773
Cost of Sales including selling, general and administrative expenses - - - - -	<u>14,027,787</u>	<u>11,593,130</u>
Profit before the following deductions - - - - -	<u>3,021,598</u>	<u>2,752,643</u>
Depreciation - - - - -	857,306	513,891
Amortization of expenses of debenture issues - - - - -	8,324	5,543
Interest on long term liabilities - - - - -	317,110	174,744
Interest on current liabilities - - - - -	166,916	185,413
Directors' fees and expenses - - - - -	15,750	10,500
	<u>1,365,406</u>	<u>890,091</u>
Income before income taxes and extraordinary items - - - - -	<u>1,656,192</u>	<u>1,862,552</u>
Income taxes (Note 4) - - - - -	<u>844,228</u>	<u>975,186</u>
Net income before extraordinary items - - - - -	<u>811,964</u>	<u>887,366</u>
Tax credits from prior years' losses of subsidiary companies - - - - -	<u>99,328</u>	<u>265,309</u>
Net Income - - - - -	<u>\$ 911,292</u>	<u>\$ 1,152,675</u>



# I.T.L. INDUSTRIES LIMITED

## and its subsidiaries

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended November 30, 1969  
(with comparative figures for 1968)

	1969	1968
Working Capital, at beginning of year - - - - -	\$ 3,467,540	\$ 2,005,344
Funds provided:		
From operations (Note 11) - - - - -	1,261,568	1,660,335
Proceeds from long term borrowing - - - - -	3,178,965	2,000,000
Long term liabilities of subsidiaries not consolidated in prior year - - - - -	—	382,000
Issue of Series B Preference Shares - - - - -	—	2,000,000
Common Shares issued on conversion of 1967 Series Debentures - - - - -	275,000	94,000
Special refundable tax - - - - -	38,026	1,772
Deferred income taxes, acquired company - - - - -	—	253,000
Subsidiaries' working capital and investments now consolidated - - - - -	602,515	—
	<u>5,356,074</u>	<u>6,391,107</u>
Funds applied:		
Fixed asset additions, net, including fixed assets of companies now consolidated - - - - -	3,119,943	2,325,214
Reduction of long term liabilities - - - - -	793,960	416,000
Purchase of Preference Shares for cancellation - - - - -	—	25,000
Excess of cost of shares of subsidiaries over net assets acquired - - - - -	151,820	889,870
Investment in and advances to unconsolidated subsidiaries - - - - -	—	602,515
Investment in associated company - - - - -	—	59,100
Intangible assets, net - - - - -	87,286	148,057
Prior year's losses of subsidiary not previously consolidated - - - - -	40,900	65,018
Dividends paid - - - - -	507,723	398,137
	<u>4,701,632</u>	<u>4,928,911</u>
Increase in working capital - - - - -	654,442	1,462,196
Working Capital, at end of year - - - - -	<u>\$ 4,121,982</u>	<u>\$ 3,467,540</u>

# I.T. L. INDUSTRIES LIMITED

## and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended November 30, 1969

#### 1. *Principles of Consolidation:*

The consolidated financial statements include the accounts of the Company and its subsidiaries.

The accounts of Ray-O-Lite International Corporation, Ray-O-Lite Inc., Elco-Wood Industries Limited and KNG Tool and Mould Limited, have been included for the first time in the consolidated financial statements.

Accounts of subsidiaries expressed in currencies other than Canadian have been included on the following basis: investments at the rate of exchange prevailing at the time of acquisition, and current assets and current liabilities at the rate of exchange prevailing at November 30, 1969.

#### 2. *Acquisitions now consolidated:*

In the year, Elco-Wood Industries Limited acquired controlling interest in Elcombe Engineering Limited in exchange for an issue of capital stock of Elco-Wood Industries Limited representing a 38 % interest in the outstanding share capital.

Subsequent to November 30, 1969, the Company acquired the minority interest in Elco-Wood Industries Limited the consideration being effectively the interest in Elcombe Engineering Limited.

As a result of this transaction, since the Company has absorbed the operating deficit attributable to the minority interest, the accounts of Elco-Wood Industries Limited have been included in the consolidated financial report as a wholly owned subsidiary. The net loss of Elco-Wood Industries Limited attributable to the minority interest was \$36,300 and the equity in the minority interest was acquired for \$43,370.

The Company also acquired in the year the minority interest in Ray-O-Lite Inc., and all the outstanding capital stock of KNG Tool and Mould Limited.

#### 3. *Change in accounting practice:*

The Company and certain of its subsidiaries changed their accounting practice effective December 1, 1968 to include manufacturing overhead in valuing their inventories.

The result of this change in accounting practice was an increase in current earnings, net of income taxes, of \$142,000.

#### 4. *Deferred Income Taxes:*

The deferred income taxes balance is the net of deferred income taxes of \$937,861 less deferred income tax charges of \$790,712. The current income tax provision has been decreased as a result of \$515,354 in tax deferrals.

#### 5. *Bank loans and overdrafts:*

Bank loans are secured by a general assignment of book debts.



## 6. Long term liabilities:

	<u>1969</u>	<u>1968</u>
(Secured by first mortgages and floating charge over assets)		
6.20% Secured Sinking Fund Debentures, Series A, maturing June 15, 1984. Sinking fund payments of \$50,000 are required annually until maturity - - - - -	\$ 750,000	\$ 800,000
6½% Secured Sinking Fund Debentures, Series B, maturing December 15, 1985. Sinking fund payments of \$30,000 are required annually until maturity - - - - -	510,000	540,000
8½% Secured Sinking Fund Debentures, Series C, maturing June 15, 1988. The Company may at any time after June 15, 1972 redeem before maturity all outstanding debentures. Sinking fund payments of \$100,000 are required annually to June 15, 1988. Share Purchase Warrants accompany the debentures—for details see note 7, below - - - - -	1,900,000	2,000,000
8% Convertible Sinking Fund Debentures 1969 Series, maturing October 1, 1988. The Company may at any time redeem before maturity all outstanding debentures. Sinking fund payments of \$150,000 are required annually from October 1, 1980 to 1984 and \$200,000 from October 1, 1985 to 1987. For details of conversion privilege, see note 7, below - - - - -	3,000,000	—
6½% Convertible Sinking Fund Debentures 1967 Series, maturing May 1, 1987. The Company may at any time redeem before maturity all outstanding debentures. Sinking fund payments of \$62,500 are required annually beginning May 1, 1973. For details of conversion privileges see note 7, below - - - - -	—	279,000
Other long term liabilities, maturing from 1971 to 1976: principal payments of \$108,913 plus interest are due in one year - - - - -	390,418	531,500
	<u>\$6,550,418</u>	<u>\$4,150,500</u>

## 7. Capital Stock:

### Common Shares—

Under the terms of the issue of the 6½% Convertible Sinking Fund Debenture 1967 Series, each \$1,000 debenture was convertible into 186 common shares on or before May 1, 1971.

The 8½% Secured Sinking Fund Debentures, Series C are accompanied by Share Purchase Warrants entitling the holders thereof to purchase 15,000 Common Shares of the Company (subject to certain adjustments) up to June 1, 1978 at a price varying from \$15 to \$20 per share (subject to certain adjustments) according to the date the warrant is exercised.

Under the terms of the issue of the 8% Convertible Sinking Fund Debentures 1969 Series, each \$1,000 debenture is convertible into 50 Common Shares on or before October 1, 1974 decreasing annually to 33 Common Shares on or before October 1, 1984.

During the year the Company issued 51,150 Common Shares on conversion of 275,000 6½% Convertible Sinking Fund Debentures 1967 Series and 9,001 Common Shares on conversion of 5,400 Series B Preference Shares.

165,000 Common Shares of the authorized 3,000,000 Common Shares are reserved against conversion of the 1969 Series Debentures, outstanding at November 30, 1969 and the exercise of Share Purchase Warrants to purchase 15,000 Common Shares of the Company.

### Preference Shares—

The preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Series A Preference Shares require that, commencing in 1966 the Company set aside on or before the first day of March in each year the sum of \$25,000 as a purchase fund for the redemption of such shares for cancellation. At November 30, 1969 no amount had been set aside for the current year's purchase fund.

The Series B Preference Shares are redeemable at par by the Company at any time after June 1, 1978. Each Series B Preference Share is convertible into 1.667 Common Shares on or before June 1, 1973 decreasing annually to 1.250 Common Shares on or before June 1, 1978.

#### 8. *Contingent liability:*

The Company and certain of its subsidiaries have been sued for patent infringement with regard to the Ray-O-Lite roadway marker by Amerace Esna Corporation. Patent Counsel for the Company has advised that the claims of the patent in suit are not infringed and are invalid over the prior art and therefore the Company should be successful in this action.

#### 9. *Remuneration to Directors and Officers:*

The aggregate direct remuneration to directors and senior officers of the Company in the year, amounted to \$187,915.

#### 10. *Transactions and commitments:*

Subsequent to November 30, 1969 the Company acquired all of the outstanding capital stock of Dalkrom Tool and Die Corporation of Detroit, Michigan.

Commitments for additions to fixed assets not reflected in the financial statements, amounted to approximately \$1,200,000. The Company is presently arranging a long term loan from the Adjustment Assistance Board to facilitate expansion.

#### 11. *Funds provided from operations:*

Funds provided from operations are made up as follows:

Net income for the year - - - - -	\$ 911,292
Depreciation - - - - -	857,306
Amortization of expenses of debenture issue - - - - -	8,324
Deferred income taxes - - - - -	(515,354)
	<u>\$1,261,568</u>

## AUDITORS' REPORT

To the Shareholders,  
I.T.L. INDUSTRIES LIMITED.

We have examined the consolidated balance sheet of I.T.L. Industries Limited and its subsidiaries as at November 30, 1969 and the consolidated statements of income, retained earnings, contributed surplus and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements, with the notes thereto, present fairly the financial position of the companies as at November 30, 1969 and the results of their operations and the source and application of their funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change referred to in Note 3 in which we concur.

Windsor, Ontario  
April 28, 1970

STEPHENS, McLEAN & CO.  
Chartered Accountants.



# THE I.T.L. GROUP OF COMPANIES

## **INTERNATIONAL TOOLS, LIMITED** *Sandwich P.O., Box 68, Windsor, Ontario.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

## **INTERNATIONAL TOOLS (U.K.) LIMITED** *Cressex Industrial Estate, High Wycombe, Bucks, England.*

- Wholly-owned by International Tools, Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

## **MODELRAFT** *Sandwich P.O., Box 68, Windsor, Ontario.*

- Division of I.T.L. Industries Limited.
- Manufacturers of precision models of wood and reinforced plastic, used in the manufacture of plastic molds and die-casting dies.
- Suppliers to the various tool companies in the Group as well as outside tool shops.

## **SCIENTIFIC REPRODUCTIONS** *Kingsville, Ontario.*

- Division of International Tools, Limited.
- Manufacturers of retro-reflective surfaces by an electrolytic process. These surfaces are incorporated into plastic injection molds by Photometric Specialties Limited.

## **PHOTOMETRIC SPECIALTIES LIMITED** *Sandwich P.O., Box 68, Windsor, Ontario.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection molds for the production of optical lenses, and retro-reflective lenses for automobiles, highway safety devices and other products.

## **REFLEX CORPORATION OF CANADA LIMITED** *P.O. Box 1180, Amherstburg, Ontario.*

- Wholly-owned by I.T.L. Industries Limited.
- Molds and assembles plastic components for the automotive and other industries.
- Operations include chrome plating, vacuum metalizing and painting of molded parts.
- Manufacturers of Palm-N-Turn safety containers.

## **RAY-O-LITE INTERNATIONAL CORPORATION** *30105 Beverly Rd., Inkster, Michigan.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of retro-reflective markers for highway safety, automotive aftermarket and home and farm use.

## **RAY-O-LITE, INCORPORATED** *16102 Gothard Street, Huntington Beach, California 92647.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of highway safety products and distributor of products of Ray-O-Lite International Corporation in the western U.S.A.

## **WHEATLEY MANUFACTURING LIMITED** *2590 Ouellette Avenue, Windsor, Ontario.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Canada's largest producer of steel die sets. Supplies to leading tool and die companies throughout Canada. Also manufactures special bushings and die hardware.

## **WHEATLEY ECONOMY DIE SETS, INCORPORATED** *23751 Dequindre, Hazel Park, Michigan, 48030.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Warehouses and distributors of Wheatley products in the U. S. Market.

## **KNG TOOL AND MOULD LIMITED** *75 Bessimer Road, London 52, Ontario.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

## **DALKROM TOOL AND DIE CORPORATION** *6160 East Davison, Detroit, Michigan, 48212.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection and compression molds and die-casting dies for the production of plastic parts and components for automotive, electrical appliance and general industries.

## **ELCO-WOOD INDUSTRIES LIMITED** *857 Tecumseh Road East, Windsor, Ontario.*

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of specialized components for heavy truck chassis including hoists, bodies, platforms and tailgate loaders.





